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PROGRESS IN THE AREAS OF EMPLOYMENT GENERATION, PRODUCTIVITY ENHANCEMENT AND CO-OPERATION IN THE USE OF HIGH-LEVEL MANPOWER

(EXECUTIVE SUMMARY)

In the last several years, African countries registered little if any progress in employment generation, productivity enhancement and co-operation in the use of high-level manpower. This was due mainly to the pervasive economic declines caused by the crisis which Africans lived through in the first half of the 1980s and which was brought about by drought, desertification, serious food shortfalls, balance of payments problems, heavy external debt, a diminished external resource flows, a slump in commodity prices and high interest rates.

The crisis had a severe negative impact on human resources in Africa. Employment and underemployment levels soared, real incomes plummetted, increases in educational enrolments declined, the number of refugees and displaced persons shot up and the brain drain picked up momentum.

African Governments quickly came together to design action measures to mitigate the effects of the crisis on the economic growth and socioeconomic development prospects of the region. Collectively, they agreed on "Africa's Priority Programme for Economic Recovery, 19861990" (APPER), and adopted the measures contained therein at the 21st Ordinary Session of the Assembly of Heads of State and Government of the OAU. This was followed by a call to the international community to support the African initiatives for recovery, which was made at the Special Session of the General Assembly of the United Nations in May/June 1986 and at which the international community expressed its support for APPER, in the "United Nations Programme of Action for African Economic Recovery and Development 1986-1990" (UNPAAERD). The measures for recovery and development contained in both programmes place topmost priority on the rehabilitation of the food and agriculture sector. Priority was also accorded to other sectors in support of agriculture, drought and desertification control and human resources. An estimated total investment outlay of US$128.1 billion was deemed necessary to implement the UN-PAAERD in the five years between 1986 and 1990, of which US$7.2 billion will go to the development and utilization of human resources.

Alongside the regional initiatives to achieve full economic recovery were individual country efforts to put national economies back on course. Most of these efforts were supported by the major financial institutions: the IMF and the World Bank, and found expression in the many structural adjustment and stabilization programmes that have been put in place in many African countries. These programmes call for a number of financial, fiscal and economic measures to be implemented by the countries in question. They include currency devaluations, the reduction or removal of subsidies on certain essential consumer items, a reduction in government spending, cost recovery and containment in the social sectors, tax reforms,etc.

These, therefore, are the programmes on which Africa's hopes for achieving recovery are pinned. They have implications for, or are already having an effect on the utilization of human resources within the continent. An implementation of APPER and UN-PAAERD would have very solutory effects on growth within the African economy, which would stimulate the demand for labour and boost employment levels within the economy.

The measures envisaged for the rehabilitation of the agricultural sector are themselves favourable to employment generation. Afforestation programmes, soil and water conservation schemes, livestock development projects etc. could create more opportunities for labour to be gainfully employed, and at the same time would set the stage for the agricultural work force to be more productive. The investments in sectors in support of agriculture would call for increased activities in civil works projects - the construction of dams, roads, culverts, storage facilities etc. - which in themselves are highly labour-intensive. The implementation of recovery programmes in these areas will thus create a large number of rural jobs while at the same time lead to higher levels of productivity in agriculture. And the provision of seeds, fertilizer and improved production tools and implements will make agricultural production more efficient and worker productivity much higher.

In the manufacturing sector, rehabilitation of industrial enterprises has already started showing signs of success. With the greater availability of foreign exchange, it has been possible to secure more raw materials, spareparts and production inputs to raise capacity utilization in many industries. While this has certainly rendered the output of the industrial worker higher, it is not certain that it has contributed substantially to increasing the demand for labour. Albeit if output growth is sustained over the life of APPER and the UN-PAAERD, the demand for labour will, in the medium and long term, be boosted, not only within the industrial sector but also in the economy as a whole.

Although many countries that responded to an ECA survey on the implementation of APPER and UN-PAAERD reported an impressive rate of implementation of the recovery and development programmes, the evidence in terms of employment generation, productivity increases, the reversal of the brain drain and greater co-operation in the use of high-level manpower, does not appear to bear this out. Unemployment and underemployment levels are not being brought down; the brain drain has worsened due mainly to the still unfavourable socio-economic conditions prevailing and the degree of co-operation among African countries in the utilization of high-level manpower is still limited.

Conversely, the effects of structural adjustment programmes on Africa's human resources are more visible. There has been a substantial loss of investment opportunities which has constrained employment generation efforts. Those affected have been mainly the new labour force entrants, especially school leavers and, increasingly now, even university graduates. Those governments implementing structural adjustment programmes are also reducing the size of public sector employment by laying off workers and imposing a ban on new hiring. Considering that the public sector in most African countries is the largest employer, these policies have serious implications for employment creation within the African economy. As for those in the work force, conditions of work have been made more unfavourable. The value of their earnings has declined, in some cases by as much as 40% in the last five years. Real per capita income itself has been on the decline by an average annual rate of about 4.1 per cent since 1980, while the removal of subsidies on essential consumer goods and services such as transport, education and health, have further lowered the standard of living of many an African household.

On a more positive note, the supply side measures which are designed to boost production by creating the appropriate incentive packages to producers, appear to have been attaining their objective. This, added to the more favourable weather conditions since 1985 has led to an increase in agricultural production. However, it is doubtful that the currency devaluations have had any impact whatsoever on productivity increases. The curb on demand has resulted in a greater availability of foreign exchange for the procurement of production inputs, especially in the manufacturing sector, whose productivity has increased somewhat as a result.

The economic crisis and the traumas of recovery have propelled the flight of skills from African economies in the last five years. Although one of the measures for recovery is aimed at arresting the trend, some lag should be expected before these measures, if implemented at all, take effect. The brain drain will, therefore, continue or even increase in the next five years given the persistence of the present socio-economic conditions and barring the institution of restrictive measures within the continent and in the receiving countries.

The large numbers of middle- and high-level manpower that have emigrated from Africa still have a role to play in the economic development of the continent. Expatriate technical assistance employment in Africa has been growing while vacancy rates in many African countries have remained high. Shortages in some skill areas in one country can be redressed by using the surplus in these same areas from another country.

Several attempts have been made in the past to formalize co-operation in the use of high-level manpower. These include the creation by the OAU of a technical assistance bureau, the publication by ECA of a Directory of African Experts and the implementation by ECA of the Return of Skills Programme for Africa which identifies and arranges the voluntary return to jobs in Africa, of skilled Africans living in Europe and North America. However, much more needs to be done to retain within the African economy more of Africa's skilled men and women.

Proposals for Practical measures

(i) Implementing APPER and UN-PAAERD

The investments envisaged in the implementation of the priority programmes of recovery will create several million jobs. The actions reported by member States as revealed in the ECA evaluation study should by now be decelerating the unemployment trends in African countries, but unemployment is still on the increase, probably on account of the structural adjustment and stabilization programmes taking precedence over the recovery programmes. If African countries should succeed in tackling the worsening human resources problems which they now face, they should conceive policies and programmes to dampen the effects of structural adjustment and stablilization on human resources while in no way jeopardizing the success of the recovery measures.

But African Governments must make a conscious effort to build into their recovery programme elements that would promote the creation of employment and the reduction of underemployment in all sectors, otherwise recovery will be of little immediate benefit to Africa's labour force.

(ii) Mitigating the Effects of Structural Adjustment Programmes on Human Resources Utilization and Productivity

The reductions in public sector expenditure, as advocated in the structural adjustment and stabilization measures, are starving the social and economic sectors of substantial amounts of investments. The more immediate effects of these measures on human resources have to be very seriously tackled, the deep erosions of the workers' pay package, the freeze on public sector employment, the rampant layoffs, the removal of subsidies on essential consumer items at the same time that wages are frozen. All these have far-reaching implications for the productivity of the work force, not to mention the hardships they impose on the working poor.

The demand for labour could be sustained at present levels or even increased through a programme of employment subsidies, where

employers could be paid a certain amount of money to retain workers or to hire more labour. Public work schemes should also be considered as a means of providing gainful employment to the unemployed.

(iii) Reversing the Brain Drain and Strengthening Co-operation in the Use of High-Level Manpower

Existing money incentive policies tend to favour the brain drain from Africa. The direct and the opportunity costs of the brain drain justify instituting urgent measures to reverse it by providing more attractive monetary and other incentives to the continenent's skilled men and women.

Working conditions should also be improved. Equipment, tools and production inputs should be made available to production and "knowledge" workers so as to allow them to carry out their work with ease and efficiency. Intellectuals and academics should be provided a more enabling and less stressful environment, as well as the resources that would make them function with greater effectiveness.

African Governments should provide more opportunities for education and training, and increase resource allocations to the middle and higher education sector to improve the quality of teaching and learning within it. This would help to reduce the need for large numbers of Africans to seek educational opportunities abroad and would decrease the chances of a good percentage of such students staying away.

African Governments should show greater interest in participating in the Joint ECA/ICM Return of Skills Programme for Africa, for the promise it holds for assisting them in identifying highly qualified Africans in specialized fields for employment in key areas. They should also consider providing the resources required for ECA to initiate action on their behalf to create a programme for within region exchange of skilled Africans. More use ought to be made of the Directory of African Experts by Governments wishing to intensify co-operation in the use of African professionals.

(iv) Strengthening Employment Planning Capabilities

The bleak prospects facing the region in the area of employment generation to meet the demands of a growing labour force require an immediate change of attitudes to questions of employment, incomes and productivity. Unless the capability is developed so that employment creation emerges more positively as an objective of overall planning, the region will continue to be confronted with difficulties in fully utilizing its growing labour force. A permanent structure within government must be set up to monitor employment levels within industry, and generally enforce government policies on employment.